



Default Price-Quality Path

Annual Compliance Statement

1 April 2020 – 31 March 2021 Assessment Period

27 August 2021

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1. Introduction

Top Energy Limited (Top Energy) is subject to price-quality regulation under Part 4 of the Commerce Act 1986. The Commerce Commission has set a Default Price-Quality Path (DPP) which applies to Top Energy from 1 April 2020.

This annual compliance statement is published in accordance with clause 11.4 of the 2020 DPP Determination, and applies to the first assessment period, commencing 1 April 2020 and ending 31 March 2021.

This statement confirms that Top Energy:

- Complies with the requirement to calculate the wash-up amount for the assessment period (section 3)
- Complies with the quality standards for the assessment period (section 4); and
- Has not entered into any agreement with another EDB or Transpower for an amalgamation, merger, major transaction or non-reopener transaction in the assessment period (section 5)

A copy is available on Top Energy's website www.topenergy.co.nz

2. Date prepared

This statement was prepared on 27 August 2021.

3. Wash-up amount

3.1 Statement of compliance

As demonstrated in Table 1 in Section 3.2, and consistent with clause 8.6 of the 2020 DPP Determination, Top Energy has complied with the wash-up amount calculation for the first assessment period.

The wash-up amount for the 2021 assessment period will be included in the calculation of allowable revenue and price-setting for the 2023 assessment period, beginning 1 April 2022. The wash-up amount is included in the calculation of allowable revenue two years after the relevant revenue assessment period.

For presentation purposes the tables set out in this document are aggregates of the price and quantity information. While dollar balances are rounded to the nearest thousand dollars, the underlying compliance calculations apply to the whole number.

3.2 Wash-up amount calculation

Table 1

| Wash-up amount RY21 | | |
|--------------------------------|--|----------------|
| Term | Description | Value (\$000) |
| Actual allowable revenue (AAR) | <i>Sum of actual net allowable revenue, actual pass-through and recoverable costs, pass-through balance and revenue wash-up draw down amount</i> | 44,895 |
| Actual revenue (AR) | <i>Sum of actual revenue from prices plus other regulated income</i> | 45,985 |
| Revenue foregone (RV) | <i>Actual net allowable revenue x (revenue reduction percentage - 20%) when revenue reduction percentage is greater than 20%, otherwise nil</i> | - |
| Wash-up amount | <i>AAR - AR - RV</i> | (1,089) |

Further information supporting actual allowable revenue is included in Section 3.2.1.

Further information supporting actual revenue is included in Section 3.2.2.

Further information supporting revenue foregone is included in Section 3.2.3.

3.2.1 Actual allowable revenue

Table 2 below shows the actual allowable revenue for the assessment period consistent with Schedule 1.6 of the 2020 DPP Determination.

The actual allowable revenue is the actual net allowable revenue plus pass-through and recoverable costs, any wash-up draw down amount and pass-through balance (PTB), that Top Energy can earn in an assessment period.

Table 2

| Actual allowable revenue | | |
|---|--|---------------|
| Term | Description | Value (\$000) |
| Actual net allowable revenue (ANAR) | <i>Actual net allowable revenue as set out in Table 1.4.1 in Schedule 1.4 for the period ending 31 March 2021</i> | 38,015 |
| Actual pass through costs | <i>Actual pass-through costs and Actual recoverable costs</i> | 244 |
| Actual recoverable costs | <i>Actual recoverable costs, excluding any recoverable cost that is a revenue wash-up drawn down amount</i> | 6,884 |
| Opening wash-up account balance | <i>The opening wash-up account balance for the first assessment period of the DPP regulatory period is nil as set out in Schedule 1.7 (1)(a)</i> | - |
| Pass-through balance allowance | <i>(-1) ePTB (1+ 67th percentile post-tax WACC)</i> | (248) |
| Total actual allowable revenue (AAR) | <i>Actual net allowable revenue + actual pass-through costs and actual recoverable costs – (pass-through balance x (1 + 67th percentile estimate of post-tax WACC))</i> | 44,895 |

Further information supporting actual pass-through costs, actual recoverable costs and the pass through balance is included in Appendix A.

3.2.2 Actual revenue

Table 3 below shows actual revenue for the assessment period consistent with clause 4.2 of the 2020 DPP Determination.

Appendix B contains the schedules of prices and quantities used to calculate actual revenue from prices. This schedule shows that Top Energy recovered \$791k higher than the forecast revenue from prices including previous period wash-ups.

Other Income consists of the revenue from generation sales from the network diesel generators while gains and Losses relate to Network Assets.

Table 3

| Actual revenue from prices RY21 | | |
|--|---|---------------|
| Term | Description | Value (\$000) |
| Actual revenue from prices ($\Sigma P_{2020/21} * Q_{2020/21}$) | <i>Actual prices between 1 April 2020 and 31 March 2021 multiplied by actual quantities for the period ending 31 March 2021</i> | 45,926 |
| Prior period wash-ups | <i>Prior year revisions that are receipted in the current year</i> | (34) |
| Gains and Losses | | (85) |
| Other Income | | 178 |
| <i>Total Actual revenue (AR)</i> | | 45,985 |

Further information supporting actual revenue from prices is included in Appendix B.

3.2.3 Revenue foregone

The revenue forgone component of the wash up calculation places a cap on the amount of revenue that can be recovered through the wash-up mechanism if there is a reduction in revenue from prices relative to forecast of more than 20%.

Table 4 below shows the revenue foregone consistent with clause 4.2 of the 2020 DPP Determination. Revenue foregone is Nil as the variance to forecast is < 20 %.

Table 4

| Revenue Forgone RY21 | | |
|-------------------------------------|---|----------------------|
| Term | Description | Value (\$000) |
| Actual net allowable revenue (ANAR) | <i>Amount specified as forecast net allowable revenue for the first assessment period</i> | 38,015 |
| Revenue reduction percentage (RRP) | <i>1 - (actual revenue from prices / forecast revenue from prices)</i> | -1.96% |
| Revenue foregone (RV) | Actual net allowable revenue x (RRP- 20%) when RRP is greater than 20%, otherwise nil | - |

4. Quality standards

4.1 Statement of compliance with planned interruptions quality standards

Top Energy is subject to a planned accumulated SAIDI limit and a planned accumulated SAIFI limit which are assessed for the DPP regulatory period as stated in clause 9.2 of the 2020 DPP Determination.

Table 5 and Table 6 below show the planned accumulated SAIDI and SAIFI limits for Top Energy for the DPP regulatory period and the planned SAIDI and SAIFI assessed values for the first assessment period.

Table 5

| Planned interruptions quality standard - SAIDI | |
|---|------------------|
| Sum of planned SAIDI assessed values \leq Planned accumulated SAIDI limit | |
| Planned accumulated SAIDI limit | 1905.36 |
| Planned SAIDI assessed value for the first assessment period | 99.21 |
| Compliance result | Compliant |

Table 6

| Planned interruptions quality standard - SAIFI | |
|---|------------------|
| Sum of planned SAIFI assessed values \leq Planned accumulated SAIFI limit | |
| Planned accumulated SAIFI limit | 7.7526 |
| Planned SAIFI assessed value for the first assessment period | 0.82 |
| Compliance result | Compliant |

Further information supporting planned SAIDI and SAIFI assessed values is included in Section 4.1.1.

4.1.1 Planned SAIDI and SAIFI assessed values

Table 7 and Table 8 below show Top Energy’s planned SAIDI and SAIFI assessed values for the assessment period.

Table 7

| Planned SAIDI assessed value RY21 | | |
|---|--|--------------|
| Term | Description | Value |
| Class B non-notified interruptions | | 51.29 |
| Class B notified interruptions falling outside window | | 4.01 |
| SAIDI _B | <i>Sum of Class B non-notified interruptions</i> | 55.30 |
| Class B notified interruptions falling inside window | | 87.14 |
| Class B intended interruptions cancelled without notice | | 0.68 |
| Class B intended interruptions cancelled with notice | | - |
| SAIDI _N | <i>Sum of Class B notified interruptions</i> | 87.83 |
| Planned SAIDI assessed value | <i>SAIDI_B + (SAIDI_N/2)</i> | 99.21 |

Table 8

| Planned SAIFI assessed value RY21 | | |
|--|---|--------------|
| Term | Description | Value |
| Planned SAIFI assessed value | <i>Sum of Class B interruptions commencing within the assessment period</i> | 0.820 |

4.2 Statement of compliance with unplanned interruptions quality standards

As demonstrated in Table 9 and Table 10 below, and consistent with clause 9.7 of the 2020 DPP Determination, Top Energy has complied with the unplanned interruptions quality standard.

Table 9

| Unplanned interruptions quality standard RY21 - SAIDI | | |
|--|---|------------------|
| Unplanned SAIDI assessed value ≤ Unplanned SAIDI limit | | |
| Unplanned SAIDI limit | | 380.24 |
| Unplanned SAIDI assessed value | <i>Sum of normalised SAIDI values for Class C interruptions commencing within the assessment period</i> | 300.83 |
| Compliance result | | Compliant |

Table 10

| Unplanned interruptions quality standard RY21 - SAIFI | | |
|--|---|------------------|
| Unplanned SAIFI assessed value ≤ Unplanned SAIFI limit | | |
| Unplanned SAIFI limit | | 5.0732 |
| Unplanned SAIFI assessed value | <i>Sum of normalised SAIFI values for Class C interruptions commencing within the assessment period</i> | 3.1020 |
| Compliance result | | Compliant |

Information about policies, procedures and calculations for measuring planned and unplanned interruptions during the assessment period is in Appendix C.

4.2.1 Major events

Table 11 and Table 12 below show the SAIDI and SAIFI values attributed to major events which occurred during the assessment period.

Further information about major events is included in Appendix D.

Table 11

| Unplanned SAIDI major events RY21 | | | |
|--|------------|---------------------------------------|-----------------------------------|
| Start | End | Pre-normalised unplanned SAIDI | Normalised unplanned SAIDI |
| | | 0 | 0 |

Table 12

| Unplanned SAIFI major events RY21 | | | |
|--|---------------------|---------------------------------------|-----------------------------------|
| Start | End | Pre-normalised unplanned SAIFI | Normalised unplanned SAIFI |
| 09/06/2020 05:50 pm | 09/06/2020 06:52 pm | 0.3442 | 0.004758 |
| 11/06/2020 03:21 pm | 12/06/2020 12:28 pm | 0.6745 | 0.009516 |

4.3 Statement of compliance with extreme event standard

As demonstrated in Table 13 below, and consistent with clause 9.9 of the 2020 DPP Determination Top Energy has complied with the extreme event standard.

Table 13

| Extreme event standard RY21 | |
|--|-------------------|
| <i>Unplanned SAIDI value \leq 120 minutes, and customer interruption minutes \leq six million during any 24-hour period, excluding unplanned interruptions from major external factors</i> | |
| Number of extreme events | Compliance result |
| nil | Compliant |

4.4 Quality Incentive Adjustment

Table 14 below shows Top Energy quality incentive adjustment for the assessment period.

Table 14

| Quality Incentive Adjustment RY21 | | |
|---|--|-----------------|
| Term | Description | Value (\$000) |
| SAIDI planned adjustment | $(SAIDI_{planned, target} - SAIDI_{planned, assessed}) \times 0.5 \times IR$ | \$45.650 |
| SAIDI unplanned adjustment | $(SAIDI_{unplanned, target} - SAIDI_{unplanned, assessed}) \times IR$ | \$4.366 |
| Total adjustment | $SAIDI_{planned adjustment} + SAIDI_{unplanned adjustment}$ | \$50.017 |
| Revenue at risk | $0.02 * ANAR$ | \$760.300 |
| Total penalty/reward | | \$50.017 |
| 67th percentile estimate of post-tax WACC | | 4.23% |
| Quality incentive adjustment | | \$54.337 |

Table 15 below shows Top Energy's quality incentive adjustment inputs consistent with Schedule 4 of the 2020 DPP Determination.

Table 15

| Quality Incentive Adjustment Inputs RY21 | | | | | |
|---|---------|----------|---|---------|---------|
| Term | Units | Value | Term | Units | Value |
| SAIDI planned interruption cap | minutes | 381.07 | SAIDI unplanned interruption cap | minutes | 380.24 |
| SAIDI planned interruption collar | minutes | - | SAIDI unplanned interruption collar | minutes | - |
| SAIDI planned interruption target | minutes | 127.02 | SAIDI unplanned interruption target | minutes | 302.16 |
| Planned SAIDI assessed value | minutes | 99.21 | Unplanned SAIDI assessed value | minutes | 300.83 |
| Incentive rate | | 3,283 | | | |
| Actual net allowable revenue (ANAR) | \$0 | 38,015 | | | |
| | | | | | |
| SAIDI planned interruption target | minutes | 127.02 | SAIDI unplanned interruption target | minutes | 302.16 |
| Minimum of the planned SAIDI cap and assessed value | minutes | 99.21 | Minimum of the unplanned SAIDI cap and assessed value | minutes | 300.83 |
| Planned SAIDI subject to incentive | minutes | 27.81 | Unplanned SAIDI subject to incentive | minutes | 1.33 |
| Adjustment (IR x 0.5) | \$ | 1641.5 | Adjustment (IR) | \$ | 3,283 |
| SAIDI planned adjustment | \$0 | \$45,650 | SAIDI planned adjustment | \$0 | \$4,366 |

5. Transactions

Top Energy has not entered into any agreement with another EDB or Transpower for an amalgamation, merger major transaction or non-reopener transaction in the assessment period

6. Director's certification

A Director's certificate in the form set out in Schedule 7 of the 2020 DPP Determination is included as Appendix E.

7. Assurance report

An assurance report meeting the requirements of Schedule 8 of the 2020 DPP Determination is included in Appendix F.

Appendix A – Pass-through and recoverable costs

Table 16 and 17 compare the forecast pass through and recoverable costs used to set forecast allowable revenue for the assessment period, to the actual pass-through and recoverable costs used to determine actual allowable revenue.

These costs for the assessment period were forecast by Top Energy in December 2019 as part of the company's annual pricing process. For the 2021 assessment period the actual pass-through and recoverable costs incurred were \$28k less than forecast.

Pass-through costs

Table 15

| Passthrough Costs for year ending March 2021 | | | | | Notes |
|--|----------------|------------------|-----------------|-----------------|--|
| Description | 2021 Actual \$ | 2021 Forecast \$ | Variance (\$) | Variance (%) | |
| Rates | 53,297 | 53,805 | (508) | (.95)% | |
| Electricity Authority Levies | 80,433 | 76,256 | 4,177 | 5.19% | |
| Complaints Levy | 21,816 | 23,440 | (1,624) | (7.44)% | |
| Commerce Act Levies | 87,981 | 118,501 | (30,520) | (34.69)% | Reduction in charges from 1 July 2020 compared to previous years |
| Total | 243,527 | 272,002 | (28,475) | (11.69)% | |

Recoverable costs

Table 16

| Recoverable Costs for year ending March 2021 | | | | | Notes |
|--|------------------|------------------|---------------|--------------|--|
| Description | 2021 Actual \$ | 2021 Forecast \$ | Variance (\$) | Variance (%) | |
| Transpower | 5,275,779 | 5,275,779 | (0) | (.)% | As per Transpower billing |
| Avoided Transmission Ngawha | 1,751,722 | 1,751,722 | - | - | Based on RCPD Hundred peaks and Transpower price for Interconnection |
| Extended Reserves Allowance | - | - | - | - | |
| Quality Incentive Adjustment | 342,310 | 342,310 | - | - | Quality Incentive calculation for 19/20 |
| Quality Time value Adjustment | 42,963 | 42,963 | - | - | |
| Innovation | - | - | - | - | No Innovation spending in AMP |
| IRIS (OPEX) | (528,409) | (528,409) | - | - | As per Com Com model for IRIS |
| IRIS (CAPEX) | - | - | - | - | As per Com Com model for IRIS |
| Total | 6,884,365 | 6,884,365 | (0) | (.)% | |

Pass-through balance

Table 17

| Pass-through balance allowance | | |
|---|--|---------------|
| Term | Description | Value (\$000) |
| Pass-through balance | <i>Pass-through balance for the assessment period ending 31 March 2020</i> | (238) |
| 67th percentile estimate of post-tax WACC | <i>As per Clause 4.2</i> | 4.23% |
| Pass-through balance | <i>Pass-through balance x (1 + 67th percentile post-tax WACC)</i> | (248) |

Appendix B – Prices and quantities

Table 19 shows the forecast revenue from prices for the first assessment period from the price setting compliance statement.

Table 19

| Forecast revenue from prices RY21 | |
|------------------------------------|--------|
| Total forecast revenue from prices | 45,101 |

Table 20 shows the actual prices and quantities for actual revenue from prices for the first assessment period.

Appendix C – Policies and procedures for measuring planned and unplanned interruptions

- **PROCESS SUMMARY**

The Top Energy Network Control Centre (TECC) records all customer outages using an Advanced Distribution Management System (ADMS) - GE Power On Advantage. Outages are classified as either Unplanned when a fault occurs on the Network or Planned when customers are notified in advance of a scheduled outage. All outages are posted on the Top Energy Outage Centre website which also sends outage notifications and restoration updates directly to Electricity Retailers and subscribed customers via a mobile App. All Network reliability performance data is sourced from the ADMS Outage Reports.

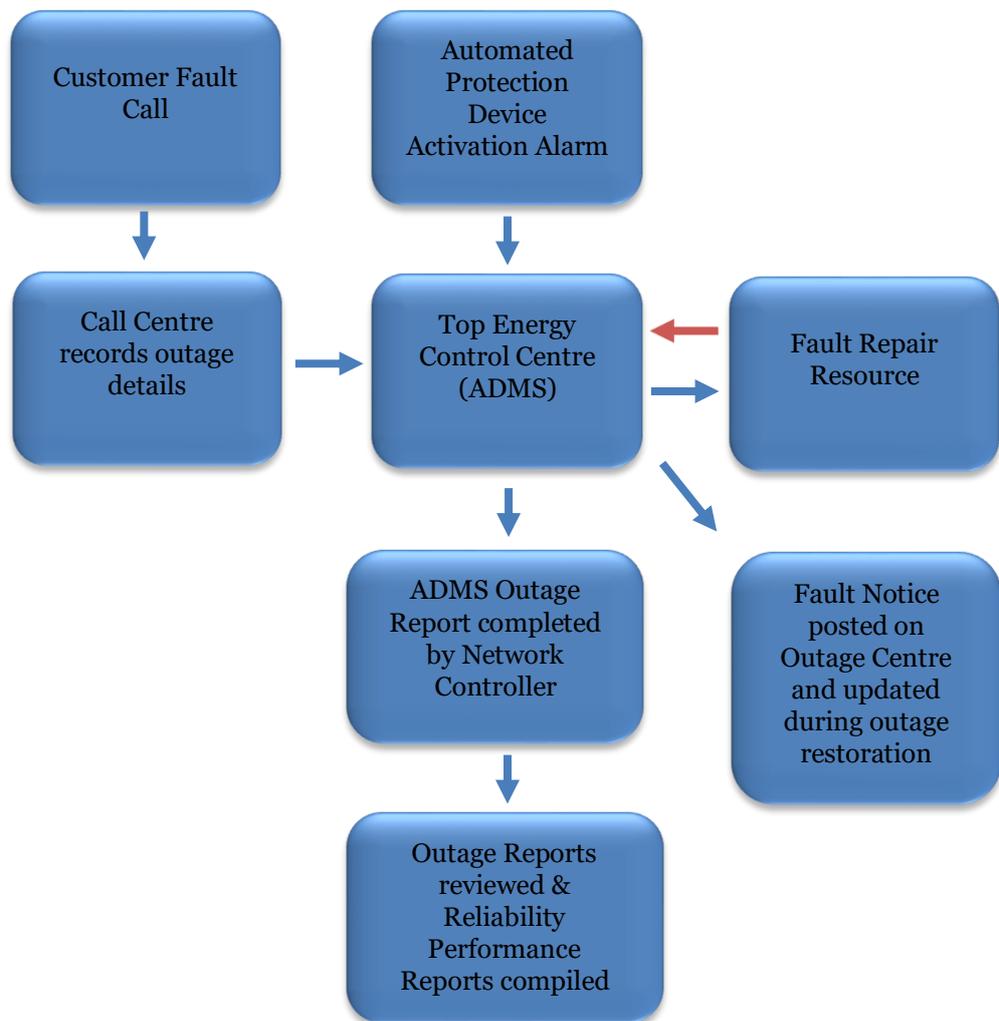
- **UNPLANNED OUTAGES**

Unplanned outages can be initiated by 2 types of events which determine the outage start time used:

1. Customer Fault Call received by the Call Centre - start time is the Call record entry time;
2. Automated Protection Device Activation Alarm - start time is the Device operation time.

Fault Call details are entered into the Call Management System by the Call Centre Operators who identify key information about the fault and record the contact details of the Caller. A Network Controller in the TECC reviews the Fault Call details and creates an outage Incident in the ADMS.

Automated Protection Device initiated faults automatically trigger the creation an outage Incident in the ADMS. The Fault Dispatcher or Network Controller may dispatch a fault-crew resource directly or via the Contractor's Faults Supervisor. A Fault Notice is posted on the Outage Centre website and is updated during the Incident as the supply to customers is restored. Once all supply has been restored a Network Controller completes an Incident Outage Report.



Interruption to Unplanned Outage Response or Repair

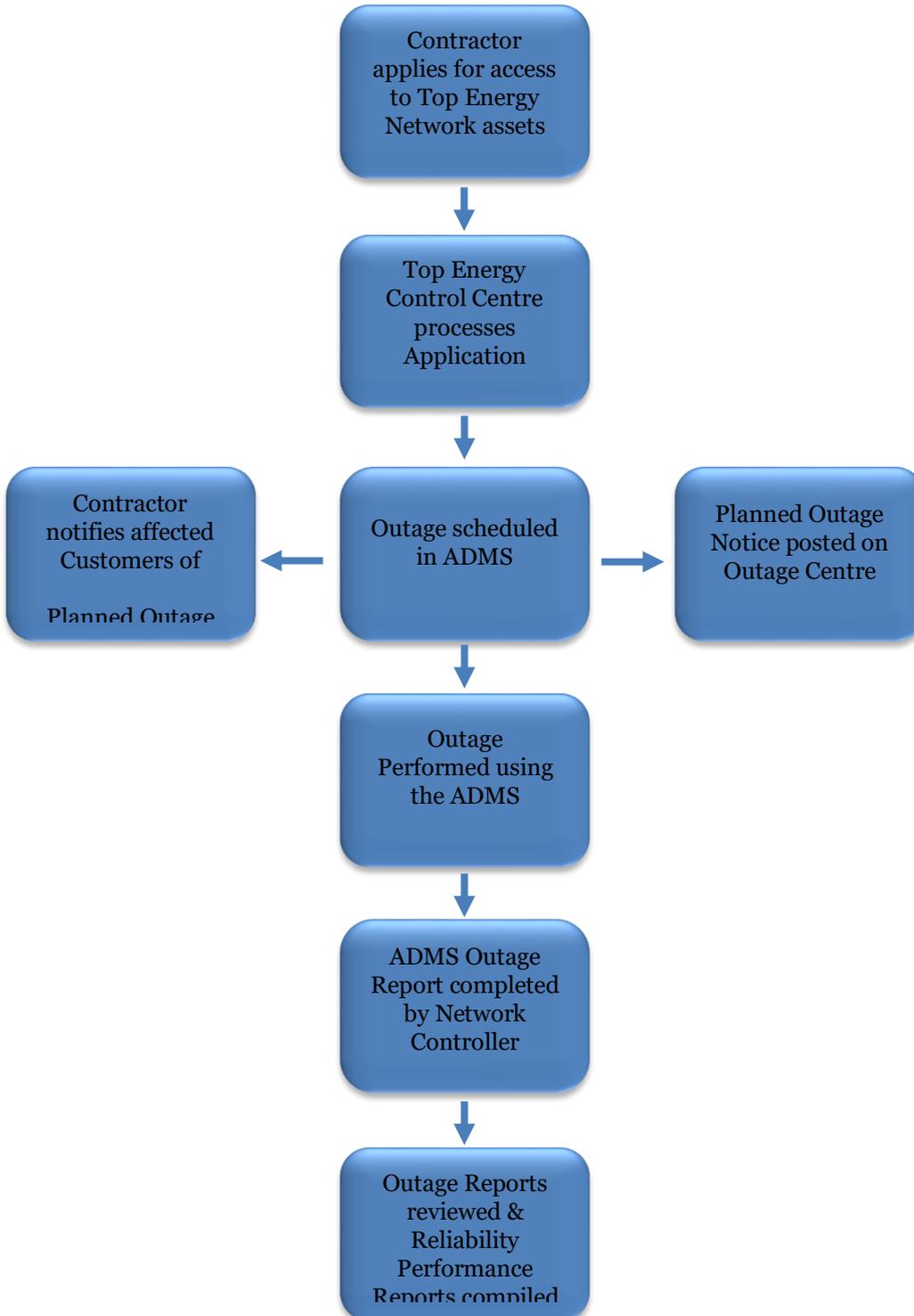
- For unplanned outages where the fault response resource is under the control of a third party or obstructed from attending and resolving the fault, the field resource will notify the Network Controller of the time of the obstruction affected our ability to respond and the time we were able to recommence the response. Those times will be recorded in the ADMS and the field switching sheet. The outage minute count will stop upon notification of obstruction and commence when we are back in the position we were prior to the notification of obstruction and able to resume from that point. (Examples of obstructions are lack of access to fault sites due to Civil Defence, Road Authority, Police, Emergency Services, or Worksafe NZ in control of site preventing faults response access etc.);
- For unplanned outages where our fault response resource is stood down due to safety issues including weather conditions or environment (e.g. extreme weather, terrain, remoteness, darkness, or fatigue etc). The outage minute count will stop when field resource notifies the Network Controller of the decision to stop to manage safety risks and will recommence once the fault response resource is back in the same position prior to the notification of the stop to manage safety and able to resume from that point. This may include suspension of restoration and or repairs until an agreed safety plan can be agreed and implemented;
- For unplanned outages where customers notify that they do not wish for power to be restored until a later agreed time or date or deny access to their property or agree to be left without supply until an agreed commencement time, then the same principles for reporting outage minutes apply as for site obstruction.

Only high voltage assets owned and operated by Top Energy are included in SAIDI calculations. Serviceability is defined by the customer's ability to receive line function services and at their point of supply/Network connection (ICP).

- **PLANNED OUTAGES**

Planned outages are managed by the Control Centre which:

1. approves scheduling of work/outages applied for by the field Contractor;
2. creates a precompiled Switching Procedure for the outage;
3. posts a planned outage notice on the Outage Centre which is updated during outage restoration;
4. conducts and coordinates the planned switching on the network;
5. records network device operation times and affected ICPs in the ADMS - used for outage reporting.



- **ADMS INCIDENT RECORDING**

All outages on the Top Energy Network are recorded as Incidents in the ADMS Outage Management System (OMS). The OMS runs traces on its Network model to identify the ICPs affected during an Incident. The outage minutes for each network device operation are determined by tracing/counting the ICPs affected and calculating the duration of that outage restoration stage.

The customer minutes lost (CML) for an Incident is the sum of the outage minutes for each outage restoration stage:

$$\text{CML} = \sum (\text{ICP count Stage 1} \times \text{Duration Stage 1}) + (\text{ICP count Stage 2} \times \text{Duration Stage 2}) + \dots \text{ (and so on for each stage)}$$

The SAIFI figure for each incident is calculated using the total number of ICPs affected. Repeat interruptions of supply to an ICP during an incident are not counted in the recorded SAIFI total.

Top Energy maintains an ICP database (Club ICP) which is based on the industry-maintained Registry equivalent. The ICP database is maintained consistently in compliance with relevant Rules and Regulations. The ICP data is sourced from the Electricity Registry and updated in the database each day. An automated process runs daily which compares the ICP data from Club ICP to the ADMS customer records and performs any required updates/deletions/insertions.

A Network connectivity model is maintained in the Geographical Information System (GIS). Updates to the GIS connectivity model are applied as patches to the ADMS Network Model. A trace is run through the GIS Network connectivity model that gathers the total ICPs per feeder. The trace results are compared against the previous days trace and outputted into a report showing the difference between the two traces, categorized by feeder. The report is e-mailed to the GIS Manager each morning and reviewed. If there is a significant ICP difference the connectivity of the feeder is further investigated in GIS, and when remedied the trace is rerun manually.

In addition, a weekly trace is run to ensure number of ICPs in Club ICP database matches number of ICPs connected in GIS by the GIS Administrator. The report outputs total number of ICPs in Club ICP application and the total number of ICPs in GIS, the difference between the two databases categorised by feeders. The report also lists ICP numbers which are not placed in GIS. This report is reviewed and rectified by GIS Technician as appropriate.

For disclosure purposes the average of the Total ICP counts at 31 March year start and 31 March year end are used. The average ICP count for the assessment period is calculated as the sum of the ICP Count at the end of the previous assessment period (31 March) and the ICP count at the end of the current assessment period (31 March), divided by 2.

Network reliability performance statistics (SAIDI, SAIFI etc.) are derived from the ADMS Outage Reports. The outage Incidents are reviewed monthly for reasonableness by the Control Centre Manager. The reliability statistics form part of the General Manager Network's monthly report to the Board of Directors. The statistics are summarised and reported on a six-monthly basis as part of the Company's Financial Report and are compared against targets set out in the Company's Statement of Corporate Intent.

Appendix D – SAIDI and SAIFI major events

The tables below show the normalisation of the SAIDI and SAIFI major events that took place during the assessment period, consistent with Schedule 3.2 of the 2020 DPP Determination.

Table 21

| Normalisation of unplanned SAIDI major events RY21 | | | | | | |
|--|------------------------|--|---|------------------------|--|---|
| SAIDI unplanned boundary value | | | | | | 27.92 |
| 1/48th of the SAIDI unplanned boundary value | Event reference (date) | | | Event reference (date) | | |
| | Half hour commencing | Raw SAIDI value for Class C interruption | Normalised SAIDI value for Class C interruption | Half hour commencing | Raw SAIDI value for Class C interruption | Normalised SAIDI value for Class C interruption |
| Total | | 0.00 | 0.00 | | 0.00 | 0.00 |

Table 22

| Normalisation of unplanned SAIFI major events RY21 | | | | | | |
|---|----------------------|--|---|----------------------|--|---|
| SAIFI unplanned boundary value | | | | | | 0.2284 |
| 1/48th of the SAIFI unplanned boundary value | Event 1 | | | Event 2 | | |
| | Half hour commencing | Raw SAIFI value for Class C interruption | Normalised SAIFI value for Class C interruption | Half hour commencing | Raw SAIFI value for Class C interruption | Normalised SAIFI value for Class C interruption |
| 0.004758333 | 9/06/2020 5:30 PM | 0.344197255 | 0.004758333 | 11/06/2020 3:00 PM | 0.638404796 | 0.004758333 |
| 0.004758333 | 9/06/2020 6:00 PM | 0 | 0 | 11/06/2020 3:30 PM | 0 | 0 |
| 0.004758333 | 9/06/2020 6:30 PM | 0 | 0 | 11/06/2020 4:00 PM | 0 | 0 |
| 0.004758333 | 9/06/2020 7:00 PM | 0 | 0 | 11/06/2020 4:30 PM | 0 | 0 |
| 0.004758333 | 9/06/2020 7:30 PM | 0 | 0 | 11/06/2020 5:00 PM | 0 | 0 |
| 0.004758333 | 9/06/2020 8:00 PM | 0 | 0 | 11/06/2020 5:30 PM | 0 | 0 |
| 0.004758333 | 9/06/2020 8:30 PM | 0 | 0 | 11/06/2020 6:00 PM | 0 | 0 |
| 0.004758333 | 9/06/2020 9:00 PM | 0 | 0 | 11/06/2020 6:30 PM | 0 | 0 |
| 0.004758333 | 9/06/2020 9:30 PM | 0 | 0 | 11/06/2020 7:00 PM | 0 | 0 |
| 0.004758333 | 9/06/2020 10:00 PM | 0 | 0 | 11/06/2020 7:30 PM | 0 | 0 |
| 0.004758333 | 9/06/2020 10:30 PM | 0 | 0 | 11/06/2020 8:00 PM | 0 | 0 |
| 0.004758333 | 9/06/2020 11:00 PM | 0 | 0 | 11/06/2020 8:30 PM | 0 | 0 |
| 0.004758333 | 9/06/2020 11:30 PM | 0 | 0 | 11/06/2020 9:00 PM | 0 | 0 |
| 0.004758333 | 10/06/2020 12:00 AM | 0 | 0 | 11/06/2020 9:30 PM | 0 | 0 |
| 0.004758333 | 10/06/2020 12:30 AM | 0 | 0 | 11/06/2020 10:00 PM | 0 | 0 |
| 0.004758333 | 10/06/2020 1:00 AM | 0 | 0 | 11/06/2020 10:30 PM | 0 | 0 |
| 0.004758333 | 10/06/2020 1:30 AM | 0 | 0 | 11/06/2020 11:00 PM | 0 | 0 |
| 0.004758333 | 10/06/2020 2:00 AM | 0 | 0 | 11/06/2020 11:30 PM | 0 | 0 |
| 0.004758333 | 10/06/2020 2:30 AM | 0 | 0 | 12/06/2020 12:00 AM | 0 | 0 |
| 0.004758333 | 10/06/2020 3:00 AM | 0 | 0 | 12/06/2020 12:30 AM | 0 | 0 |
| 0.004758333 | 10/06/2020 3:30 AM | 0 | 0 | 12/06/2020 1:00 AM | 0 | 0 |
| 0.004758333 | 10/06/2020 4:00 AM | 0 | 0 | 12/06/2020 1:30 AM | 0 | 0 |
| 0.004758333 | 10/06/2020 4:30 AM | 0 | 0 | 12/06/2020 2:00 AM | 0 | 0 |
| 0.004758333 | 10/06/2020 5:00 AM | 0 | 0 | 12/06/2020 2:30 AM | 0 | 0 |
| 0.004758333 | 10/06/2020 5:30 AM | 0 | 0 | 12/06/2020 3:00 AM | 0 | 0 |
| 0.004758333 | 10/06/2020 6:00 AM | 0 | 0 | 12/06/2020 3:30 AM | 0 | 0 |
| 0.004758333 | 10/06/2020 6:30 AM | 0 | 0 | 12/06/2020 4:00 AM | 0 | 0 |
| 0.004758333 | 10/06/2020 7:00 AM | 0 | 0 | 12/06/2020 4:30 AM | 0 | 0 |
| 0.004758333 | 10/06/2020 7:30 AM | 0 | 0 | 12/06/2020 5:00 AM | 0 | 0 |
| 0.004758333 | 10/06/2020 8:00 AM | 0 | 0 | 12/06/2020 5:30 AM | 0 | 0 |
| 0.004758333 | 10/06/2020 8:30 AM | 0 | 0 | 12/06/2020 6:00 AM | 0 | 0 |
| 0.004758333 | 10/06/2020 9:00 AM | 0 | 0 | 12/06/2020 6:30 AM | 0 | 0 |
| 0.004758333 | 10/06/2020 9:30 AM | 0 | 0 | 12/06/2020 7:00 AM | 0 | 0 |
| 0.004758333 | 10/06/2020 10:00 AM | 0 | 0 | 12/06/2020 7:30 AM | 0 | 0 |
| 0.004758333 | 10/06/2020 10:30 AM | 0 | 0 | 12/06/2020 8:00 AM | 0 | 0 |
| 0.004758333 | 10/06/2020 11:00 AM | 0 | 0 | 12/06/2020 8:30 AM | 0.0360596 | 0.004758333 |
| 0.004758333 | 10/06/2020 11:30 AM | 0 | 0 | 12/06/2020 9:00 AM | 0 | 0 |
| 0.004758333 | 10/06/2020 12:00 PM | 0 | 0 | 12/06/2020 9:30 AM | 0 | 0 |
| 0.004758333 | 10/06/2020 12:30 PM | 0 | 0 | 12/06/2020 10:00 AM | 0 | 0 |
| 0.004758333 | 10/06/2020 1:00 PM | 0 | 0 | 12/06/2020 10:30 AM | 0 | 0 |
| 0.004758333 | 10/06/2020 1:30 PM | 0 | 0 | 12/06/2020 11:00 AM | 0 | 0 |
| 0.004758333 | 10/06/2020 2:00 PM | 0 | 0 | 12/06/2020 11:30 AM | 0 | 0 |
| 0.004758333 | 10/06/2020 2:30 PM | 0 | 0 | 12/06/2020 12:00 PM | 0 | 0 |
| 0.004758333 | 10/06/2020 3:00 PM | 0 | 0 | 12/06/2020 12:30 PM | 0 | 0 |
| 0.004758333 | 10/06/2020 3:30 PM | 0 | 0 | 12/06/2020 1:00 PM | 0 | 0 |
| 0.004758333 | 10/06/2020 4:00 PM | 0 | 0 | 12/06/2020 1:30 PM | 0 | 0 |
| 0.004758333 | 10/06/2020 4:30 PM | 0 | 0 | 12/06/2020 2:00 PM | 0 | 0 |
| 0.004758333 | 10/06/2020 5:00 PM | 0 | 0 | 12/06/2020 2:30 PM | 0 | 0 |
| Total | | 0.344197255 | 0.004758333 | | 0.674464396 | 0.009516666 |

Major Event Normalisation YE2021

Major event normalisation reduces the raw value to 1/48th of the boundary value:

| Unplanned interruptions | Boundary value | Normalised Value |
|-------------------------|----------------|------------------|
| SAIDI | 27.92 | 0.581666667 |
| SAIFI | 0.2284 | 0.004758333 |

SAIFI Major Event 1

| INCIDENT | START DATE | END DATE | DESCRIPTION | SAIDI | SAIFI | SAIFI NORM |
|-------------|------------------------|------------------------|--------------------------|---------------|---------------|-----------------|
| INCD-2995-F | 09/06/2020 05:50 pm | 09/06/2020 06:52 pm | KOE CB160152 Overload | 18.013 | 0.3442 | 0.004758 |
| | | | Totals | 18.013 | 0.3442 | 0.004758 |

SAIFI Major Event 2

| INCIDENT | START DATE | END DATE | DESCRIPTION | SAIDI | SAIFI | SAIFI NORM |
|-------------|------------------------|------------------------|--|---------------|---------------|-----------------|
| INCD-3142-F | 11/06/2020 03:21 pm | 11/06/2020 03:48 pm | Tripped KOE 33kV CB's during planned work | 12.863 | 0.6384 | 0.004758 |
| INCD-3031-F | 12/06/2020 08:31 am | 12/06/2020 12:28 pm | Kaikohe, CB 0107 Conductor Failure, Guy Rd | 4.584 | 0.0361 | 0.004758 |
| | | | Totals | 17.447 | 0.6745 | 0.009516 |

INCD-2995-F

| | |
|--------------------------------|-------------------------------|
| Incident | INCD-2995-F |
| Incident Description | KOE CB160152 Overload |
| Location of Fault | Kaikohe 33kV Substation |
| Feeder | CB0152 |
| Main Equipment Involved | Circuit Breaker CB160152 |
| Cause | Protection Overload - Network |

CT wiring shorted in an LV CT junction box giving incorrect measurements to the Circuit Breaker protection system and caused it to trip when it exceeded 24 MW. The wiring was repaired and all associated equipment checked to mitigate reoccurrence of this type of fault.

| INCIDENT | INCIDENT DESCRIPTION | SAIDI | SAIFI | ICPS | START DATE | END DATE | Duration |
|-------------|-----------------------|--------|--------|-------|------------------------|------------------------|----------|
| INCD-2995-F | KOE CB160152 Overload | 18.013 | 0.3442 | 11712 | 09/06/2020 05:50 pm | 09/06/2020 06:52 pm | 01:02 |

INCD-3142-F

| | |
|--------------------------------|--|
| Incident | INCD-3142-F |
| Incident Description | Tripped KOE 33kV CB's during planned work |
| Location of Fault | Kaikohe 33kV Substation |
| Feeder | CB3682 |
| Main Equipment Involved | Circuit Breaker CB163682 |
| Cause | Switching Interruption (Operational Failure) |

Maintenance on a defective VT fuse caused an old and poorly documented protection element to operate and trip supply to both 110kV/33kV Transmission Substation transformers. The protection element was part of an inherited Transpower protection scheme which was obsolete. This protection system has been evaluated and subsequently disabled to prevent reoccurrence of this type of fault.

| INCIDENT | INCIDENT DESCRIPTION | SAIDI | SAIFI | ICPS | START DATE | END DATE | Duration |
|-------------|---|--------|--------|-------|------------------------|------------------------|----------|
| INCD-3142-F | Tripped KOE 33kV CB's during planned work | 12.863 | 0.6384 | 21723 | 11/06/2020 03:21 pm | 11/06/2020 03:48 pm | 00:27 |

INCD-3031-F

| | |
|--------------------------------|------------------------------|
| Incident | INCD-3031-F |
| Incident Description | Kaikohe, 11kV CB0107 Tripped |
| Location of Fault | Pole 414001, Reservoir Road |
| Feeder | CB0107 |
| Main Equipment Involved | Conductor |
| Cause | Conductor joint failed |

Kaikohe CB0107 feeder tripped due to a failed conductor joint that resulted in the conductor only being held up by a jumper. The conductor joint was repaired and the condition of all other joints on the same pole structure were inspected.

| INCIDENT | INCIDENT DESCRIPTION | SAIDI | SAIFI | ICPS | START DATE | END DATE | Duration |
|-------------|--------------------------|-------|--------|------|------------------------|------------------------|----------|
| INCD-3031-F | Kaikohe, 11kV CB 0107 | 4.584 | 0.0361 | 1227 | 12/06/2020 08:31 am | 12/06/2020 12:28 pm | 03:57 |

Appendix E – Director’s certificate

We, Euan Richard Krogh and David Alexander Sullivan being directors of Top Energy Limited certify that, having made all reasonable enquiry, to the best of our knowledge and belief, the attached annual compliance statement of Top Energy Limited and related information, prepared for the purposes of the Electricity Distribution Services Default Price-Quality Path Determination 2020 has been prepared in accordance with all the relevant requirements



E R Krogh



D A Sullivan

27 August 2021

Appendix F – Assurance report

**INDEPENDENT ASSURANCE REPORT
TO THE DIRECTORS OF TOP ENERGY LIMITED
ON THE ANNUAL COMPLIANCE STATEMENT
FOR THE ASSESSMENT PERIOD ENDED 31 MARCH 2021
AS REQUIRED BY THE ELECTRICITY DISTRIBUTION SERVICES DEFAULT PRICE-QUALITY PATH DETERMINATION
2020**

The Auditor-General is the auditor of Top Energy Limited (the Company). The Auditor-General has appointed me, Brett Tomkins, using the staff and resources of Deloitte Limited, to undertake a reasonable assurance engagement, on his behalf, on whether the Annual Compliance Statement on pages 4 to 14 and 18 to 31 for the assessment period ended on 31 March 2021 has been prepared, in all material respects, in compliance with the Electricity Distribution Services Default Price-Quality Path Determination 2020 (the 'Determination').

Opinion

In our opinion, in all material respects:

- as far as appears from our examination, the information used in the preparation of the Annual Compliance Statement has been properly extracted from the Company's accounting and other records, sourced from its financial and non-financial systems; and
- the Company has complied with clauses 11.5 and 11.6 of the Determination in preparing the Annual Compliance Statement for the assessment period ended 31 March 2021.

Basis for opinion

We conducted our engagement in accordance with the Standard on Assurance Engagements (SAE) 3100 (Revised) *Assurance Engagements on Compliance*, issued by the New Zealand Auditing and Assurance Standards Board. An engagement conducted in accordance with SAE (NZ) 3100 (Revised) requires that we also comply with the International Standard on Assurance Engagements (New Zealand) 3000 (Revised) *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*.

We have obtained sufficient recorded evidence and explanations that we required to provide a basis for our opinion.

Directors' responsibilities

The directors of the Company are responsible:

- For the preparation of the Annual Compliance Statement under clause 11.4 and in accordance with the requirements in clauses 11.5 and 11.6 of the Determination.
- For the identification of risks that may threaten compliance with the clauses identified above and controls which will mitigate those risks and monitor ongoing compliance.

Auditor's responsibilities

Our responsibilities in terms of clause 11.5(e) and schedule 8(1)(b)(vi) and 8(1)(c) of the Determination, are to express an opinion on whether:

- as far as appears from our examination, the information used in the preparation of the Annual Compliance Statement has been properly extracted from the Company's accounting and other records, sourced from its financial and non-financial systems; and
- the Annual Compliance Statement, for the assessment period ended 31 March 2021, has been prepared, in all material respects, in accordance with the requirements in clauses 11.5 and 11.6 of the Determination.

To meet these responsibilities, we planned and performed procedures in accordance with SAE 3100 (Revised), to obtain reasonable assurance about whether the Company has complied, in all material respects, with clauses 11.5 and 11.6 of the Determination.

In relation to the wash-up amount set out in clause 8.6 of the Determination, our procedures included recalculation of the wash-up amount in accordance with schedule 1.6 of the Determination and assessing it against the amounts and disclosures contained on pages 4 to 7 of the Annual Compliance Statement.

In relation to the quality standards in clause 9 of the Determination, our procedures included examination, on a test basis, of evidence relevant to the values and disclosures contained on pages 8 to 12 of the Annual Compliance Statement.

In relation to the quality incentive adjustment set out in Schedule 4 of the Determination, our procedures included recalculation of the quality incentive adjustment in accordance with Schedule 4 of the Determination and assessing it against the amounts and disclosures contained on pages 13 to 14 of the Annual Compliance Statement.

An assurance engagement to report on the Company's compliance with the Determination involves performing procedures to obtain evidence about the compliance activity and controls implemented to meet the requirements. The procedures selected depend on our judgement, including the identification and assessment of the risks of material non-compliance with the requirements.

Inherent limitations

Because of the inherent limitations of an assurance engagement, together with the internal control structure, it is possible that fraud, error or non-compliance with clauses 11.5 and 11.6 of the Determination may occur and not be detected. A reasonable assurance engagement throughout the assessment period does not provide assurance on whether compliance with clauses 11.5 and 11.6 of the Determination will continue in the future.

Restricted use

This report has been prepared for use by the directors of the Company and the Commerce Commission in accordance with clause 11.5 (e) of the Determination and is provided solely for the purpose of establishing whether the compliance requirements have been met. We disclaim any assumption of responsibility for any reliance on this report to any person other than the directors of the Company and the Commerce Commission, or for any other purpose than that for which it was prepared.

Independence and quality control

We complied with the Auditor-General's:

- independence and other ethical requirements, which incorporate the independence and ethical requirements of Professional and Ethical Standard 1 issued by the New Zealand Auditing and Assurance Standards Board; and
- quality control requirements, which incorporate the quality control requirements of Professional and Ethical Standard 3 (Amended) issued by the New Zealand Auditing and Assurance Standards Board.

The Auditor-General, and his employees, Deloitte Limited, and its partners and employees may deal with the Company on normal terms within the ordinary course of trading activities of the Company. Other than any dealings on normal terms within the ordinary course of trading activities of the Company, this engagement, the assurance engagement on the Information Disclosures and the annual audit of the Company's financial statements, we have no relationship with or interests in the Company.



Brett Tomkins
Deloitte Limited
On behalf of the Auditor-General
Auckland, New Zealand
27 August 2021

Appendix G – Compliance statement reference

The following tables reference the Determination requirements and provide guidance on the section of this Statement that meets the specified requirements.

Table D1: Wash-up amount calculation

| Determination Clause | Determination requirement | Compliance Statement section |
|----------------------|---|------------------------------|
| 8.6 | Top Energy must calculate the wash-up amount for each assessment period using the methodology specified in Schedule 1.6 | 2 |

Table D2: Quality Path summary

| Determination Clause | Determination requirement | Compliance Statement section |
|----------------------|--|------------------------------|
| 9.1 | Top Energy must comply with the planned interruptions reliability assessment cap specified in clause 9.2 for the DPP regulatory period | 3 |
| 9.7 | Top Energy must comply with the annual unplanned interruptions reliability assessment specified in clause 9.8 for that assessment period | 3 |

Table D3: Annual compliance statement

| Determination Clause | Determination requirement | Compliance Statement section |
|---|---|------------------------------|
| An annual Compliance Statement must be provided to the Commission consisting of: | | |
| 11.5(a)(i) | A statement regarding compliance with the requirement to calculate the washup amount for the assessment period | 1 |
| 11.5(a)(ii) | A statement regarding compliance with the requirement to calculate the washup amount for the assessment period | 1 |
| 11.5(b) | The day on which the statement was published | 2 |
| 11.5(c) | A statement whether Top Energy has entered into any agreement with another EDB or Transpower for an amalgamation, merger, major transaction or non-reopener transaction in the assessment period | 1, 5 |
| 11.5(d) | A certificate in the form set out in Schedule 7 signed by at least one Director of Top Energy | 6 |
| 11.5(e) | An assurance report meeting the requirements in Schedule 8, in respect of all information contained in the 'annual compliance statement | 7 |
| 11.6(a) | Details of the wash-up amount calculation, together with supporting information for all components of the calculation | 3 |
| 11.6(b) | Any reasons for non-compliance with the annual planned interruptions reliability assessment | N/a |
| 11.6(d) | Any reasons for non-compliance with the annual unplanned interruptions reliability assessment | N/a |
| 11.6(d) | Actions taken to mitigate any non-compliance and to prevent similar noncompliance in future assessment periods | N/a |
| 11.6(e) | For the annual planned interruptions reliability assessment, the SAIDI assessed value, SAIFI assessed value, SAIDI limit and SAIFI limit for the assessment period, and any supporting calculations (including those in Schedule 3.1) and where applicable, the annual planned interruptions reliability assessments for the two previous assessment periods | 4 |
| 11.6(f) | For the annual unplanned interruptions reliability assessment, the SAIDI assessed value, SAIFI assessed value, SAIDI limit, SAIFI limit, SAIDI unplanned boundary value, SAIFI unplanned boundary value, SAIDI cap, SAIFI cap, SAIDI collar, SAIFI collar, SAIDI target and SAIFI target for the assessment period, and any 3.2 and Attachment BCPP annual compliance statement 2020 Page 34 of 34 supporting calculations (including those in Schedule 3.2) and where applicable, the annual unplanned interruptions reliability assessments for the two previous assessment periods | 4 |
| 11.6(g) | A description of the policies and procedures which Top Energy has used for capturing and recording Class B interruptions and Class C interruptions, and for calculating SAIDI assessed values and SAIFI assessed values for the assessment period | Appendix C |
| 11.6(h) | The cause of each major event day within the assessment period | 4 |